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21 April 1965

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MEMORANDUM FOR THE RECORD

SUBJECT: Meeting Held 14 April re Audit of Agency Expenditures
under the NRP

1. On 14 April 1965 the undersigned together with [redacted] representing OSA attended a conference held by Mr. Larry Houston, General Counsel, and Mr. John Clark, Director/BPAM, regarding the difficulties associated with permitting GAO to audit OSA/NRO projects. Also in attendance were [redacted] Chief, Audit Staff, and [redacted] Deputy Director for Finance.

2. After a general discussion of the pros and cons and the history involved in our joint projects with USAF/DOD, it was concluded we need to further explore and identify the problems that would occur if we permit GAO audit. While reluctant to establish a precedent, it was concluded the audit would be by invitation only, would be on discreet projects, and would occur where the DCI special authorities were used to cover a DOD project springing from one of our special programs.

3. One conclusion began to demonstrate itself that we heretofore may have disregarded. I refer to the prospect that we will continue to engage in exotic programs wherein good judgement dictates a DOD "buy in" and a resulting need to anticipate this and to establish our contractual, security and associated procedures to accommodate traditional Congressional reviews associated with DOD endeavors.

4. Mr. Houston planned to rewrite his recommendation to the Director oriented along the lines noted above. It is anticipated this will be made available for coordination prior to its transmission

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NRO review(s) completed.

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to the DCI. Mr. Clark also expressed the desire to prepare a briefing for the new Director on this topic, and he planned to initiate the necessary steps and coordination to accomplish such a briefing.

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Chief, Programs Staff
(Special Activities)

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PS/OSA: (19 Apr 65)

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